## PURPOSE AND DESIRED OUTCOMES OF THIS DOCUMENT

In 2012 an operational task force working for the IPGA CEO was charged with developing a system for objective review which could be used to ensure, as much as possible, that IPGA presentations and publications were model consistent. It was estimated that the Principles had to be the foundation but that something more than just the Principles would be needed to conduct an objective review. It was determined to look at the further writings by the Authoritative Source, as well as surveying leading consultants to ascertain probable lower level definitions of the Principles. These would then be extensions of, or logical expectations, given the Principles themselves.

In order to apply this set of Principles and lower level definitions of the Principles, it would be necessary to create observed criteria by which to judge whether or not they were being followed and were not being contradicted. This led to the proposed "Potential Criteria for Judging Consistency of materials" which can be found below. It also seemed to make sense while looking at this to define "Potential Criteria for Judging Consistency of board behavior" which are also below.

These are not thought of as exhaustive further definitions or observable criteria to judge their application. It is expected that over time as more writings are considered and as more people use the tool they will likely expand. The goal was not to say all that could be but to say enough to achieve the desired outcome of having a way for IPGA to objectively assess model consistency.

In preparation for IPGA Conference 2013 a survey to gather the input of those who presented at the IPGA Conference 2012 was conducted as to their input concerning the contents of the Framework. These comments were drafted into a revised set of Definitions and Criteria which were then reviewed by the Authoritative Source. Responses from John and Miriam have now been incorporated into this new version.

## PRINCIPLES BACKGROUND AND CONTEXT

- Principles taken from Carver Policy Governance® Guides, revised and updated, © 2009 “Policy Governance® in a Nutshell” § Definition of a Principle: A fundamental truth or proposition that serves as the foundation for a system of belief or behavior or for a chain of reasoning.
- Applying the principles – what would you expect to see or do as a natural and required conclusion when the principle is followed.

## PROCESS FOR DEVELOPING THE POTENTIAL CRITERIA

- Developing the possible lower level definitions and the potential implications for how one would judge both presented and published materials and board behavior for consistency was done by: § Identifying apparent expectations in the most recent Carver Policy Governance Guides.
- Surveying several of the most regarded and experienced consultants who were Academy participants.
- Using the operational task force (consisting of Richard Biery, Jannice Moore, Caroline Oliver, and Eric Craymer) to synthesize the above information in order to identify expected observable criteria for filtering model consistency of presentations and publications by IPGA and of boards which were attempting to use Policy Governance.
- These proposed criteria were checked against the current Carver Policy Governance Guides as well as the previous edition's "Your Role and Responsibility as a Board Member".
- Any criteria which could not be confirmed as aligning with the writings was either edited or deleted.
- Any criteria from the writings which had not already been identified were added.

| Principle | Potential Lower Level Definitions | Potential Criteria for Judging Consistency of Materials | Potential Criteria for Judging Consistency of Board Behaviors |
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| **1. Ownership:**<br><br>The board exists to act as the informed voice and agent of the owners, whether they are owners in a legal or moral sense. All owners are stakeholders, but not all stakeholders are owners, only those whose position in relation to an organization is equivalent to the position of shareholders in a for-profit-corporation. | This includes at least:<br><br>The board clearly identifies its moral ownership.<br>• The board distinguishes its accountability to owners from its accountabilities to other stakeholders<br><br>Recognizing its accountability to owners, the board develops and executes a deliberate plan for regular, consistent and on-going two-way communication with owners.<br>• Connection with owners is primarily around Ends related issues but also potentially unacceptable means, not around "current customer issues."<br>• Methods chosen for ownership linkage are designed to obtain input representative of the entire ownership, rather than relying on self-selected voices. | This implies that the following should be observed:<br><br>References to owners are clearly not confused with customers or other stakeholders.<br><br>References to ownership linkage or linkage plans are related to the board's current or potential policies, particularly Ends, and not related to "customer" type questions.<br><br>There is recognition that ownership linkage should be representative (even though it may take several years to gain a completely representative picture). | This implies that the following should be observed:<br><br>Board has a policy stating who its moral owners are and its moral accountability to them.<br><br>Board develops and implements a deliberate, ongoing plan for regular, two-way communication with a representative selection of owners around board policies, particularly Ends-related issues. |

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| **2. Position of Board:**<br><br>The board is accountable to owners that the organization is successful. As such it is not advisory to staff but an active link in the chain of command. All authority in the staff organization and in components of the board flows from the board. | This includes at least:<br><br>The board's primary relationship is with owners, rather than staff.<br><br>The board has an obligation to act on behalf of owners.<br><br>Ends policies are developed based on an understanding of owners' perspectives, values, wants and needs.<br><br>If the board believes a decision is in the best interests of owners, but it is not consistent with owners' wishes, the board may engage owners in dialogue to help them understand broader implications – to be more "responsible owners".<br><br>The board has clear written Ends and Executive Limitations for the CEO to ensure that there is clarity of expectations. [cross-ref with Principles 3 & 6].<br><br>The board monitors any area that has been delegated (to the CEO or to a board committee or individual member) to ensure that the accountability link is maintained. [cross-ref with Principle 10].<br><br>The board does not interfere in areas it has delegated to the CEO.<br><br>• The board does not expect the CEO to follow the "advice" of any board member. | This implies that the following should be observed:<br><br>References to board's relationship are related to owners and recognize the board's accountability to them.<br><br>It is clear that the board, not the CEO, initiates the development of the broadest Ends and then delegates further definitions to the CEO after it can accept any reasonable interpretation of what it has written.<br><br>If Ends are being discussed, there is evidence that they have been developed based on an understanding of the owners' perspectives. | This implies that the following should be observed:<br><br>Board's agenda cycle includes significant time devoted to ownership linkage.<br><br>Board has clear Ends in place and there is evidence that ownership linkage has been closely connected to the Ends development process.<br>Board monitors Ends achievement regularly.<br><br>Board leadership does not consist of "approval" of management plans. |

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| **3. Board Holism:**<br><br>The authority of the board is held and used as a body. The board speaks with one voice in that instructions are expressed by the board as a whole. Individual board members have no authority to instruct staff. | This includes at least:<br><br>All decisions of the board are spoken with "one voice" which is arrived at after appropriate deliberation.<br>• The board's "one voice" takes the form of written policy, or in the case of decisions which have only a one-time action associated with them, a minuted board decision.<br>• Board members recognize they can respectively disagree individually, but must honor and not sabotage or disrupt fulfillment by others of Board expectations.<br><br>No member or subset of the board, officers and committees included, exercises any authority unless granted by the full board.<br>• Neither the Chair nor any other member or subset of the board supervises or directs the CEO.<br>• No board member evaluates the CEO.<br>• No board member instructs or evaluates any staff reporting to the CEO.<br>• Board Committees are not assigned to "help" in areas delegated to the CEO.<br>• The Chair has no authority over the board itself other than authority granted by the board. | This implies that the following should<br>be observed:<br><br>References to board instructions are clearly referring to the one voice of the board as a whole.<br><br>References to board committees are consistent with the requirement that they are only to help the board do its own work.<br><br>There is no reference to the CEO being accountable to the Chair.<br><br>Board committees are rarely, if ever, given authority to act as if they were the board. | This implies that the following should be observed:<br><br>Board minutes do not show "directions" to the CEO apart from board motions.<br><br>Board motions take the form of amendments to policy unless a decision has only a one-time action associated with it.<br><br>The board has and enforces policy stating its expectations that board members honor board decisions.<br>The board has and enforces policy that prevents individual board members from directing or evaluating the CEO and staff.<br><br>Committees have specific charters/terms of reference from the board specifying expected results and scope of authority.<br><br>The board does not assign board members to operational committees formed by the CEO.<br><br>Board committees do not act with the authority of the board unless they are specifically granted that authority by the board for a limited purpose. |

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| **3. Board Holism con')** | This includes at least:<br><br>Officers and committees exist to help the full board accomplish its work, never to help the CEO and/or staff. *[Overlap with Principle 8*]<br><br>To preserve board holism, delegation of board authority at the board level should be accompanied by appropriate limits on that authority (similar to the way that the board delegates and limits authority to the CEO but these may be stated in either the prescriptive or proscriptive manner rather than only in a proscriptive one).<br>• The board does not allow individual board members to speak for the board without authorization of the full board. CEO is expected to deal with the board as a whole.<br>• CEO is expected to communicate to the board as a whole and avoid lobbying individual board members/groups. | | |

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| **4. Ends Policies:**<br><br>The board defines in writing its expectations about the intended effects to be produced, the intended recipients of those effects, and the intended worth (cost-benefit or priority) of the effects. These are Ends policies. All decisions made about effects, recipients, and worth are Ends decisions. All decisions about issues that do not fit the definition of Ends are means decisions. Hence in Policy Governance, means are simply not Ends. | This includes at least:<br><br>1. Ends policies at the broadest level contain all three elements of Ends.<br><br>2. Ends policies are clearly separated from means policies.<br><br>3. Ends must be broad enough to capture the fullness of the board's intent but realistically achievable over the long term or the term specified.<br><br>4. Given principles 1 and 2, because Ends define organizational purpose the link to owners' intent must be clear. | This implies that the following should be observed:<br><br>1. Do relevant references to Ends mention all three elements of Ends?<br><br>2. Are Ends and means accurately separated in relevant references?<br><br>3. Do relevant references to Ends refer to fullness of intent and within the organization's ability to achieve?<br><br>4. Is the importance of discerning owners' intent as the primary, though not necessarily only, basis for Ends development clear? That is, does it illustrate that the owners' intent is known and weighed with any other pertinent information in the formation of Ends. | This implies that the following should be observed:<br><br>1. Do the board's Ends policies contain all three elements of Ends, at least at the broadest policy level?<br><br>2. Do the board's policies separate Ends from means?<br><br>3. Can the board evidence that it has considered do-ability?<br><br>4. Can the board evidence that its Ends and Ends revisions reflect a wise summation of owners' intent?<br><br>a. Can the board evidence regular dialogue with the owners on Ends (statistical, personal or attitudinal)?<br><br>b. Can the board evidence other input from CEO, other stakeholders, experts, et al. in order to inform its Ends judgments? |

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| **4. Ends Policies con't** | | | 5. Is the board spending a significant amount of its time formulating/ revising its Ends, talking to its owners about the Ends and assessing the impact of organizational achievement of Ends (which is clearly for the collection of decision information, not monitoring or incidental information)? |

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| **5. Board Means Policies:**<br><br>The board defines in writing the job results, practices, delegation style, and discipline that make up its own job. These are board means decisions, categorized as Governance Process policies and Board-Management Delegation policies. | This includes at least:<br><br>1. The board is accountable for itself and must systematically and comprehensively establish, and review its adherence to, board means policies.<br><br>a. The board will delineate expectations until it can accept any reasonable interpretation and then delegate further definitions and decisions to the Chair or other official bodies of the board.<br><br>2. Board members recognize their obligation to bring to the board's attention anything in board member or full board conduct that is inconsistent with Governance Process and Board-Management Delegation (or equivalently named) policies.<br><br>3. The board has clear written policies outlining its own processes, and regularly evaluates itself to ensure it is accountable to owners. | This implies that the following should be observed:<br><br>Are matters of board means addressed separately from Ends and matters of staff means?<br><br>Are the core elements of the board's job description clear?<br>1. Connection with Owners?<br>2. Determination of Ends, Executive Limitations and board means policies?<br>3. Assurance of Operational Performance? | This implies that the following should be observed:<br><br>The board has policies that set out all its expectations relating to its own job results and conduct. Its job results cover its connection to its owners as well as the development of and monitoring of governing policies. Its conduct includes the conduct and support of its meetings, the fulfillment of its legal and fiduciary duties (including a board member code of conduct) through policy setting and monitoring, as well as its delegation and accountability relationship with its officers, committees and executive.<br><br>The board operates in accordance with these expectations.<br><br>The board has an annual work plan that enables it to fulfill its expectations.<br><br>The board has a process to evaluate its own compliance with these policies to assure its accountability to owners. (See also Principle 2). |

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| **6. Executive Limitations Policies**:<br><br>The board defines in writing its expectations about the means of the operational organization. However, rather than prescribing board-chosen means -- which would enable the CEO to escape accountability for attaining Ends, these policies define limits on operational means, thereby placing boundaries on the authority granted to the CEO. In effect, the board describes those means that would be unacceptable even if they were to work. These are Executive Limitations policies. | This includes at least:<br><br>1. The board must control but also empower operational decisions while maintaining accountability for those decisions.<br><br>2. This is ideally to a single point of delegation and is done by being prescriptive about the Ends (defining outcomes, recipients and worth) but proscriptive about everything else (all of the means, including how the outcomes may be operationally achieved).<br><br>3. Must cover all unacceptable actions and situations, not just some.<br><br>4. Must go to a level of detail that board can accept any reasonable interpretation.<br><br>5. Executive Limitations are board's values about operational means which would be unethical, unlawful or imprudent which are clearly put off limits with the Limitations.<br><br>6. So that it governs all staff means in a responsible manner but does not excuse the CEO from accountability for achieving Ends, the board must systematically and comprehensively establish, and review adherence to, policies that proscribe staff means that the board determines on behalf of its owners, to be unacceptable even if they worked for achievement of Ends or organizational capability to achieve Ends. | This implies that the following should be observed:<br><br>• Is the need for negative language set out clearly?<br><br>• Is the need for encompassment clear?<br><br>• Is the relationship to risk clear?<br><br>• Is the need to stop at the level where any reasonable interpretation can be accepted clear?<br><br>• Is the CEO's freedom clear? | This implies that the following should be observed:<br><br>The board disciplines itself to its commitment to accept any reasonable interpretation of its policies as stated.<br><br>The CEO listens politely to individual board members but only acts on the full board's passed policies.<br><br>The CEO chooses the most appropriate means to achieve Ends without asking board's approval.<br><br>The board places no limits directly on any staff other than the CEO.<br><br>The board can articulate to third-parties which expect extensive "approvals" how the limitations approach simultaneously enhances both productivity and accountability. |

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| **6. Executive Limitations Policies cont'd** | a. Such "Executive Limitations" must cover all of the possible operational means that the board considers unethical or unlawful or imprudent and therefore likely to jeopardize the organization.<br><br>b. Telling the CEO how to do the job while using 'negative' language, is merely another form of prescription. Limitations should not prescribe preferred means or attempt to provide management consultancy, (for example using the outdated "shall not fail to" double negative or the "shall not ... without board approval").<br><br>c. The board says (in policy and otherwise) all it MUST, not all it CAN.<br><br>7. The CEO is free to choose (i.e., the board has pre-approved) any means that does not breach these policies.<br><br>8. The CEO does not violate provisions of any of the Executive Limitations, given any reasonable interpretation of those policies he/she chooses.<br><br>9. When the CEO is required by an outside authority to gain board approval for action already granted through the board's policies, the board shall approve those decisions for which there is evidence of compliance with reasonable interpretations of the relevant board policy for which there is evidence of compliance with reasonable interpretations of the relevant board policy. | | |

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| **7. Policy Sizes:**<br><br>The board decides its policies in each category first at the broadest, most inclusive level. It further defines each policy in descending levels of detail until reaching the level of detail at which it is willing to accept any reasonable interpretation by the applicable delegatee of its words thus far. Ends, Executive Limitations, Governance Process, and Board-Management Delegation polices are exhaustive in that they establish control over the entire organization, both board and staff. They replace, at the board level, more traditional documents such as mission statements, strategic plans, and budgets. | This includes at least:<br><br>1. The broadest policy in a category should be carefully expressed (written) to capture all contingencies that the board can think of that would be encompassed under this policy category and expresses the values covered by this policy category.<br><br>2. The more specific policies beneath, must logically fall within the scope of the one "above" it.<br><br>3. The board does this "until reaching the level of detail, i.e., specificity, "at which it is willing to accept any reasonable interpretation of its words by the delegatee to whom the policy is addressed, (see Principle 9)."[1]<br><br>4. Subordinate policies, taken together, do not need, nor should be expected, to comprehensively define the superior policy under which they fall.<br><br>5. These documents, taken together, are exhaustive, eliminating such other separate board expressions as mission, vision, philosophy, values[2], strategy, and budget | This implies the following should be observed:<br><br>Architecture and process for policy development are accurately described (value, category, level, increasing definition with lower levels stop when any reasonable interpretation would be acceptable).<br><br>Illustrations of policies indicate the need for containment (nothing below which is not above; size and breadth).<br><br>Policy development should be described as stopping at the earliest level of detail needed for the board to accept any reasonable interpretation of the requirements as written, allowing the freedom of interpretation beyond that level. | This implies that the following should be observed:<br><br>Board meetings and policy development follow the architecture and process (identify value, shared interest, category, level, increasing definition with lower levels stop when any reasonable interpretation would be acceptable).<br><br>Each direction from the Board is captured by and delegated within policy.<br><br>Board refrains from going into any more detail of definition in policy than it needs to reach acceptability of any reasonable interpretation.<br><br>When the board is considering a potential policy development it uses the concept of policy sizes and any reasonable interpretation in determining whether or not a policy is needed and, if so, at what level and place. |

[1] *Carver Policy Governance Guide, latest ed.*

[2] Items such as core values, philosophy, statement of faith, etc., can be encompassed with the policies, generally under Governance Process Policies

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| **7. Policy Sizes con't** | 6. They are called policies in the terminology of Policy Governance but can be called by whatever name a board chooses, as long as the concept is strictly preserved.<br><br>7. It is possible that a board issue or concern could fall under two different policies; the board must consider where the best policy "location" is for the issue and place it appropriately. However, if the deliberation leads to the discovery that there are really two or more very different values or issues then there is nothing wrong in expressing those different concerns in different policy locations or as separate policies in the same location, one for each of the different values.<br><br>8. Ends policies only refer to Ends topics. Any further definition of the broadest policy by the board, no matter how specific, is still an Ends policy. | In Executive Limitations, the policy should always stop short of being back door prescription or reaching the level of preferred methods (management consulting).<br><br>All board direction is encompassed within the policies (broad to narrow, all four categories) so there are no directions outside of policy | The board exhibits discipline in this area, identifying and correcting the times or topics where they may go astray.<br><br>The board is disciplined to allow any reasonable interpretation, not their favorite, own or expected interpretation.<br><br>The board does not get involved with matters or interpretations delegated to the CEO in policy unless they are duly noted in policy and used in the interest of protecting that delegation (such as the use of a Required Approvals Agenda, board issued honorariums or recognitions defined as the part of the board's role or when they have reserved to themselves the job of taking a public position on an issue or issues in their job description). |

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| **8. Clarity and Coherence of Delegation:**<br><br>The identification of any delegatee must be unambiguous as to authority and responsibility. No subparts of the board, such as committees or officers, can be given jobs that interfere with, duplicate, or obscure the job given to the CEO. | This includes at least:<br><br>1. The board's expectation in policy covering the domain being delegated must be clear concerning to whom the policy is directed.<br><br>2. No subparts of the board, such as committees or officers, (as positions of the board), can be given jobs that duplicate, interfere, obscure, or overlap the job of another delegatee, such as the CEO.<br><br>3. Within the Policy Governance framework Ends and EL policies are directed at the CEO, if there is one. Governance Process and Board-Management Delegation policies are directed at the board, its officers, members and committees (though they may also be used as informative to third parties, such as the ownership).<br><br>4. Board instruments such as committees, are delegated work that pertains only to board responsibilities, not operational or means work delegated to the CEO.<br><br>5. The delegatee is monitored according only to those policies directed to them. For example, the CEO must not be monitored for someone else's assigned accountabilities from the board. | This implies that the following should be observed:<br><br>The need for an identified point of delegation (authority and accountability) should be clear (be it singly in ideal or multiple points or a team).<br><br>Descriptions or depictions should indicate that specific expectations should be stated using the policy architecture, the importance of putting the delegatee on notice of what is being delegated and how they will be held accountable, and that they are allowed any reasonable interpretation.<br><br>All delegation is done by the board as a whole and in policy.<br><br>No action, behavior, process, or structure of the board will undermine the delegation of the full board. | This implies that the following should be observed:<br><br>All directions of the board are stated in policy and clearly assigned for further definition to some point other than the board, (CEO, group, board officer, board committee, etc.).<br><br>Neither the board nor any subset of it directs or evaluates any party other than the delegatee for the topic under consideration.<br><br>There are no instances or indications of any person or body outside of the board or a duly appointed agent of the board making or evaluating the delegation.<br><br>All expectations of the board are fully defined within its policies, no person or body is held accountable for expectations which are not found in policy or that fall below the any reasonable interpretation level. |

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| **8. Clarity and Coherence of Delegation con't** | 6. The board should not delegate to a subordinate person through, or around, the accountable delegatee, such as delegating an assignment directly to a staff person beneath the CEO.<br>a. When required by law or necessity to delegate to a party whose functions might be normally under the purview of the CEO, the board will still ensure that the delegations and accountabilities are apportioned uniquely between that party and the CEO.<br><br>7. The board holds the CEO fully accountable for all functions beneath him or her and accords the CEO the concordant authority that goes with the accountability. | Depicts that the board does not direct, evaluate, or dictate to any individuals or areas which have been delegated elsewhere.<br><br>Indicates that delegation must be clearly apportioned so that there is never more than one delegatee (single or group) for any given delegated expectation.<br><br>The board must evaluate whether or not the expectation has been met. This is true be it delegated to the CEO, a group, the board, or a board officer or committee.<br><br>All of the above should be described as pertaining to both operational directions (Ends and Executive Limitations) as well as board means (Governance Process and Board Management Connection). | Board committees and board officers work to support the work of the board and do not exercise any direct authority outside of it (with other parts of the board, the CEO or staff).<br><br>The board honors its delegations in word and deed.<br><br>The board never delegates the same expectation to more than one delegatee.<br><br>The board recognizes that anything it does not delegate, it as a body remains responsible and accountable for. |

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| **9. Any Reasonable Interpretation:**<br><br>More detailed decisions about Ends and operational means are delegated to the CEO if there is one. If there is no CEO, the board must delegate to two or more delegatees, avoiding overlapping expectations or causing confusion about the authority of various managers. In the case of board means, delegation is to the CGO unless part of the delegation is explicitly directed elsewhere, for example, to a committee. The delegatee has the right to use any reasonable interpretation of the applicable board policies. | This includes at least:<br><br>1. In the case of Ends and Executive Limitation policies (when a CEO exists), that delegatee is the CEO who has the right to, and responsibility for, a reasonable interpretation.<br><br>2. In the case of Governance Process policies and Board-Management delegation, the delegatee is typically the chairman (CGO) except when explicitly stated otherwise, who has the right to, and responsibility for, a reasonable interpretation.<br><br>3. An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed.<br>a. The term used to describe the interpretation is unimportant as long as the concept is applied. (Some of the currently used variations include "reasonable interpretation", "operational definition", "reasonable operational definition" and possibly others.) | This implies that the following should be observed:<br><br>There is no standard for measuring a report or action meeting expectations except based on any reasonable interpretation.<br><br>The authority to use any reasonable interpretation is clear.<br><br>It depicts that the board as a body, not individuals, judge the reasonableness of the interpretation.<br><br>It depicts that the interpretation always belongs to the delegatee regardless the manner of monitoring.<br><br>It suggests that in cases where the interpretation is reasonable but does not meet the expectations of the board then it is still acceptable for the delegatee to use, (though the board may then adjust its own policy to address the issue). | This implies that the following should be observed:<br><br>The full board actively determines the reasonableness of the interpretation.<br><br>No delegatee is held accountable for anything but a reasonable interpretation.<br><br>When the board finds an interpretation that is reasonable but not what it actually expects it is addressed in the policy development process.<br><br>The board does not foist its own or preferred interpretations on the delegatee.<br><br>When conducting monitoring, establishing the reasonableness of the interpretation is done before considering the data.<br><br>The board does not waiver from its duty to evaluate whether or not a reasonable interpretation has been defined and used and will take the action it deems appropriate if it has not been achieved. |

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| **9. Any Reasonable Interpretation con't** | 4. Defensible measures and standards are those that:<br>a. Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.<br>b. Are relevant and conceptually aligned with the policy criteria and the board's policy set.<br>c. Represent an appropriate level of fulfillment within the scope of the policy.<br><br>5. When the board examines the delegatee's reasonable interpretation, and subsequently is convinced that the extent, depth, and reasonableness of interpretation are objectively justified, acceptable and sufficiently addresses the policy, the board should accept it as reasonable.<br><br>6. If the interpretation is reasonable but not acceptable – doesn't accomplish what the board wanted, the board must subsequently add further specificity to its policies to further clarify its intent.<br><br>7. The CEO is allowed any reasonable interpretation at any time, even if they have provided the board with an earlier interpretation, any new one (even at the point of monitoring) is valid as long as it is reasonable | It depicts that if the interpretation is judged not reasonable then the data cannot be valid or relevant. A justification or rationale for the interpretation is seen as providing assistance to the board's ability to evaluate its reasonableness.<br><br>Any process for evaluation of reasonableness is defined in a way that meets the above criteria. | |

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| **10. Monitoring:**<br><br>The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation. | This includes at least:<br><br>1. Monitoring requires two acceptable things; a reasonable interpretation and data showing evidence that the interpretation is being met.<br>a. Since data points to interpretation, interpretation must be found reasonable first.<br><br>2. Monitoring is simply comparing data against a reasonable interpretation of the criteria stated in the policy.<br>a. CEO can use any reasonable interpretation<br>• CEO's interpretation is the first step no matter what method of monitoring is used.<br>b. Information provided must be relevant and sufficient.<br>c. Extraneous information is to be avoided and/or ignored. | This implies that the following should be observed:<br><br>When describing monitoring it should always indicate the two requirements for success (a reasonable interpretation and data showing accomplishment of it) and nothing else.<br><br>It should not suggest looking at or worrying about data or metrics prior to judging interpretation.<br><br>Any forms or processes should conform.<br><br>CEO interpretation is starting point for monitoring, can be changed at any time.<br><br>Monitoring process must start with CEO interpretation.<br><br>Extraneous data or criteria are not included as valid or informing the board's assessment.<br><br>Board should be deliberate and proactive in its monitoring, not reactive. | This implies that the following should be observed:<br><br>Does the board appropriately assess the report;<br>• Interpretation judged reasonable<br>• Data evidences interpretation<br>• Only relevant criteria and data considered<br>• Process is recorded as board act<br><br>Has the board developed and does it follow a schedule of monitoring designed to fulfill its accountability to owners?<br><br>Does the board insist on and only assess relevant information concerning both interpretation and data to evidence it?<br><br>Does the board insist on the standard of finding interpretation reasonable and data sufficient |

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| **10. Monitoring con't** | 3. Board controls monitoring process, generally avoiding surprises by using a schedule that details expectations of the process<br>a. Board selects from three different forms of monitoring (internal, external and direct),<br>b. Board selects frequency of monitoring for each policy delegated,<br>c. Board selects date at which it requires report to be provided, (or the date is set by the CGO if the board has not done so), and<br>d. Board can require monitoring outside of the schedule as is agreed to by the board as a whole<br><br>4. Monitoring gives the Board the confidence that it is assured of owner accountable performance.<br><br>5. The definition and process of monitoring are consistent with this principle and these lower level definitions.<br><br>6. New issues that arise which are outside of the existing system are undefined criteria and not relevant to monitoring.<br><br>7. Because Ends are statements of the organizational purpose to be achieved, the link of the Ends interpretation to organizational implementation must be clear. | No description of monitoring or proposed process for conducting it conflicts with these definitions.<br><br>Any "off schedule" monitoring should be clearly a decision of the full board, not a single member or subset of the board.<br><br>References to any monitoring criteria or data outside of those found in the policies are noted as not meeting standards of monitoring.<br><br>Any method of "overseeing" management should include any reasonable interpretation, data, and a comparison of actual against expected based on the any reasonable interpretation.<br><br>If the board becomes aware of information that would cause a change in criteria or if they discover that a reasonable interpretation of the policy as written is unacceptable they do not hold the CEO accountable for it, they develop policy to shift the criteria | Does the board require that monitoring begin with a reasonable interpretation regardless of the method?<br><br>Does the board take appropriate and official action for non-compliance (e.g. setting a deadline for compliance)?<br><br>Does the board change its monitoring schedule by a vote of the board? Is such a vote incorporated into the policy?<br><br>Does the board provide communication to the owners it represents as to acceptable performance within acceptable parameters of operational means.<br><br>No judgment by the board or a member of it lies outside of the monitoring process and never focuses on any position but the CEO's.<br><br>When the board discovers the potential need for new criteria does it have a mechanism to address it in policy development? If so, does it actually use that mechanism? |